

Ducey says keys to economy are simplified tax code, getting government out of the way

By Samantha Valtierra Bush
Published: April 13, 2012



Doug Ducey brought 13 years of experience running a business in the private sector, including time as CEO of Cold Stone Creamery, to his post as Arizona state treasurer. Now, as he and his staff are responsible for managing the state's \$11.4 billion portfolio of taxpayer money on a daily basis, he shares what the state is — and is not — doing effectively in recovering from the Great Recession.

Ducey, a Republican, applauds efforts by Gov. Jan Brewer and the Legislature at getting the state's economy moving again with the Arizona Commerce Authority and 2011's Arizona Competitiveness Package, which gives tax credits to companies for creating new jobs and provides business tax cuts starting in 2014.

He also added, however, that he doesn't believe that the government is the ultimate creator of jobs or mover of the economy. He says government more often than not gets in the way of the free enterprise system, which he says is the best way for the economy to operate.

He adds that although occasional "crazy regulations" are proposed at the Legislature, he believes the state's leaders are going in the right direction, just at a slow pace.

Growing the state's economy as fast as possible ultimately requires a commitment from all parties involved — government and business leaders — combined with as light regulation as possible on entrepreneurs, Ducey says.

So, as he begins his second year as the state's chief investment banker and chairman of the State Board of Investment and State Loan Commission, Ducey shares with the *Arizona Capitol Times* his ideas on not only how the state can return to economic prosperity, but what he, as treasurer, can do to help.

How much power do you actually have to influence the economy?

I want to be part of a government that understands how the economy works; understands how an actual job is created and to make sure that we set the playing field so that can happen more often and more easily.

We can have a fairer, flatter, broader, easier-to-understand tax code.

The other thing is, there are so many rules and regulations. It's a huge burden and a disincentive on the entrepreneur and small business person. The more we can do to make that regulation as light as possible, the quicker we can have job creation and have a faster growing economy.

I think it's a mistake sometimes when people think that government creates jobs or government steers the economy. I see it as something that happens outside of government in the free enterprise system — entrepreneurs taking a risk, people voluntarily buying and selling.

In more cases than not, government gets in the way of that.

As treasurer, what can you do to contribute to the state's economic development?

Our first objective in the Treasurer's Office is safety. A dollar lost in the Treasurer's Office is not measured the same way as a dollar gained. We are dealing with taxpayer dollars, so we work very hard so that there's clarity and accuracy in everything that we do. Every dollar that we're able to earn in return is one less dollar that needs to be collected in taxes. Safety is always going to be our first mantra.

After that, we want to have liquidity, make sure we're paying the bills — paying the teachers, the policeman, filling the pot holes, any state service that's to be provided. After that, it is about getting a return for the taxpayer.

The other way (we can help the economy) is with a responsible investment in local banks where the dollars are insured so that we make sure that they're protected on behalf of the taxpayers, but that also puts the banks in a more liquid situation. And they can potentially make loans and create business.

You were the head of a very large corporation here in Arizona. If you were a small business owner, what would entice you to come here?

I thought of myself as the leader of a small business organization because as large as Cold Stone eventually grew, we opened up one small business at a time. So, I do have that focus on the small business person. I don't think there's a huge difference between what makes a big business work and what makes a small business work, so the more uniform and consistent and reliable we can have the rules across all sectors, the better economy we'll have and the more free flow of dollars and competition.

Another thing is we have a great state to live in. In the game of states, people vote with their U-hauls and their Ryder trucks — where do they want to live? Arizona's been winning year over year and decade over decade. Arizona has even grown through this downturn.

It's amazing to me with those statistics that we have fewer public companies in the state today than we did ten years ago. I think that just begs for a strategy to attract and retain businesses. We should look for companies that are possibly relocating. We also want new companies and innovative entrepreneurial people.

How do you do that? How do you tell them 'Hey this is a good place to be?'

I think the first step is committing to doing that. I think the governor and the Legislature have taken some steps so we can go in that direction. You talk about things like the competitiveness package. You look at things like the Arizona Commerce Authority, and the changes that have happened there in the last year. These are foundational steps, but there's no substitute for having elected leaders and business leaders saying, "We're going to commit to this."

What's the reaction like on the part of the Legislature when you talk about these things?

I think the Legislature wants to go in the right direction. I do think we have a state that embraces free enterprise and economic freedom.

Though, now and again, you'll see something that appears to be a crazy regulation that's coming down the pike and you wonder how that got started. That's why I say it's not only elected leaders, it's the business community and the civic community being engaged down at the Legislature and throughout the year saying that's not necessary or that you'll be accountable if you want to do things that will actually hurt free enterprise. I want to make certain that people know that there should be light, yet proper regulation.

Is there anything else you're working on?

HCR2056. Last year's asset allocation study showed a flawed formula in terms of how dollars were distributed from the permanent land endowment, which is worth a record \$3.5 billion, to K-12 education.

Some years the distributions are zero dollars.

We're removing about 200 words from the Constitution and adding about 20. We're basically taking about the last five years average of the permanent land endowment times 2.5 percent and distributing that annually to K-12 education.

Do you think in general that the state's moving in the right direction as far as returning to prosperity?

I think we're moving in the right direction slowly. I wish we were moving in the right direction more quickly. I think we have the opportunity to do that and I'd like to be part of that. I'm working hard to work with other statewide elected leaders so that we do become a more business-friendly, entrepreneurial, innovative state.